

**APPENDIX - AE19****MANONMANIAM SUNDARANAR UNIVERSITY , TIRUNELVELI  
DIRECTORATE OF DISTANCE AND CONTINUING EDUCATION****M.A ECONOMICS****(With Effect from the Academic Year 2016-2017 onwards)****FIRST YEAR**

	<b>Title of the Paper</b>	<b>Credits</b>
1.1	Micro Economics Analysis	8
1.2	Monetary Economics & Financial Institutions	8
1.3	Indian Economic Policy	8
1.4	Quantitative Methods	8
	<b>Total</b>	<b>32</b>

**SECOND YEAR**

<b>Part</b>	<b>Title of the Paper</b>	<b>Credits</b>
2.1	Macro Economics Analysis	8
2.2	Economics Growth & Development	8
2.3	Public Economics	8
2.4	Environmental Economics	8
	<b>Total</b>	<b>32</b>

## MICRO ECONOMICS ANALYSIS

### Unit : 1: Demand Analysis

Meaning and Definition, Nature and scope of Micro Economics - Law of Demand - and Elasticity of Demand - Utility Analysis of Demand - Indifference Curve Analysis of Demand - Revealed Preference Theory - Recent Developments in Demand Theory.

### Unit : II : Theory of Production and Costs:

Theory of Production - The law of variable proportions - The law of returns to scale.- Isoquants approach on producer's equilibrium - The law of Diminishing Marginal Rate of Technical Substitution - The Cobb - Douglas Production function - C.E.S. and VES production functions - Traditional and Modern Theories of costs

### Unit — III - Price and Output Determination

Equilibrium of the firm and industry under perfect competition - Price and output determination under monopoly - Price and output determination under monopolistic competition - meaning of concepts Monopsony, Bilateral monopoly, oligopoly and duopoly

### Unit- IV Alternative Theories of Firm and Distribution :

Bain's limit Pricing theory of recent development - Prof. Bauriol's Theory of Sales - Revenue maximization - Neo - classical Theory of Marginal Productivity theory Euler's Theorem - Factors Pricing under different market conditions - **Modern** Theories of Rent, Wages, Interest and Profit (including Shackle's Theory of profit) .

Micro Theories of distribution.

a) Richardian b) Marxian c) Kalecki and d) Kaldor

### Unit - V Welfare Economics:

Nature of Welfare Economics - Pigovian of Welfare Economics and Externalities Pareto's Optimum Social Welfare Criterion - Kaldor - Hicks New Welfare compensations Principle - Scitovsky's Double Criterion of new welfare - Bergson's Social welfare Function - Arrow's impossibility Theorem

### Reference Books

1. Koutsoyannis, A - " Modern Micro Economics", Macmillan Press, . London.
  2. Dewett. K.K " Modern Economic Theory" S. Chand, New Delhi".
  3. Ahuja . H. L - "Modern Economics" S. Chand , New Delhi.
  4. Varian.H – “Modern Micro Economics Analysis” Macmillan Press, London.
  5. Jhingan, M. L -" Advanced Economic Theory" Brinda Publication - New Delhi.
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## **MONETARY ECONOMICS & FINANCIAL INSTITUTIONS**

### **Unit 1 Modern approaches to Demand for Money**

Milton-Friedman's Portfolio Balance Approach, Approches of Baumol and James Tobin's wealth adjustment process of karl Brunner and Allan Meltzer, Review of Quantity theory and monetarism-views of Moneterists and Non- Moneterists

### **Unit II Supply of Money**

Determinants of money supply- RBI and Commercial banks role in money supply, Exogenous and Enderogeneous controls of money supply ,Money Multiplier, Money in a Socialist economy and need for Control

### **Unit III- Inflation and deflation**

The Mechanism of inflation and its characteristics, keynesian approach of Inflation – The concept of Inflationary gap, Structured theory of inflation , Phillips curve analysis, Tobin's modified curve, Types and controls of inflation, Deflation –causes and consequences

### **Unit IV- Financial Institutions and Financial markets**

The Structure of the financial system and function of the financial sector-Indian financial system ,the role of banks , Indicators of financial development and Non bank financial Intermediaries - Life Insurance corporation and General Insurance Corporation ,HDFC, Housing Finance and structure of money markets, capital market, SEBI-its performance and appraisal of work.

### **Unit V International Financial Institution**

International liquidity –IMF and International liquidity-the World Bank, International Development Association (IDA's Resources-India and IDA, Eurocurrency Market- Features and its recent development Asian Development Bank(ADB) and its Functions, Sources of funds, Working of IFC.

## **INDIAN ECONOMIC POLICY**

### **UNIT — I : Indian Economy and Development**

Basic characteristics of the Indian economy — Major issues of development — The determinants of economic development — sustainable development — Demographic features of Indian population — Rural Urban Migration — poverty and Inequality.

### **UNIT — II : The Agricultural Sector**

The Role of Agriculture in Economic development - Place of Agriculture in the Economy of India — Land Reforms in India — Inter dependency of Agriculture and Industry — Agricultural Finance — Agricultural prices, polices and Food problem — Agricultural development.

### **UNIT — III : The Industrial Sector**

A review on Industrial Policy — Role of large scale and small scale Industries in development. Private Sector and public sector — Industrial sickness — Industrial Finance — Industrial monopoly and Multinational corporations — Role of Information Technology in Industrial development.

### **UNIT — IV : External Sector**

Structure and Direction of Foreign trade, Balance of Trade & Balance of payments — composition of Trade — Importance of Foreign trade for developing economy — Exchange rate — Foreign capital and MNCs in India — Globalisation and its impact on Indian economy — WTO and its impact on the different sectors of the economy.

#### **Reference Books:**

1. Ahluwalia, IJ and IMD Little (Eds) (1999), Indian Economic Reforms and Development. (Essays in Honour of Manmohansingh) Oxford University, Press, New Delhi.
2. Bardhan, P.K (9<sup>th</sup> edition) (1999), The political economy of development in India, Oxford University, Press, New Delhi.
3. Bawa, R.S and P.S.Raikhy (Ed) (1997) structural changes in Indian economy, Guru Nanak Dev University Press, Amritsar.
4. Brahmananda, P.R. and V.R Panchmukhi (Eds) (2001) Development Experience in the Indian economy: Interstate Perspectives, Bookwel Delhi.
5. Chakravartym .S (1987), Development Planning : The Indian Experience, Oxford University, Press, New Delhi.
6. Government of India, Economic Survey (Annual) Ministry of Finance, New Delhi.
7. Jaban. B, (1992) The Indian Economy — problems and prospects, Viking New Delhi.
8. Parikh.K.S (1999) India Development Report — 1999 — 2000 Oxford University, Press, New Delhi.
9. Reserve Bank of India, Report on currency and finance (Annual)
10. Sri R.K. and B. Chatterjee (2001) Essays in Honour of Prof.P.R.Brahmanandha), Deep & Deep Publications, New Delhi.

## **QUANTITATIVE METHODS**

### **Unit – I : Differentiation and its Application**

Rules of differentiation – Basic rules of derivative – quotient rule- chain rule – logarithmic and exponential rule – conditions for maxima and minima of a function-point of inflexion-simple application of derivatives-calculation of marginal functions from total functions – maximization of profit and revenue-minimization of cost - elasticity of demand – relationship between average cost and marginal cost using derivatives – relation between average revenue, marginal revenue and price elasticity of demand – partial derivatives and its applications – optimization of functions with two independent variables – applications.

## **Unit – II : Integration and its Application**

Concept of integration – definite and indefinite integration – rules of integration – application of integrations to the calculation of total function from marginal function – application of definite integration to calculate area between two curves; consumer's surplus and producer's surplus.

## **Unit – III : Correlation and Regression Analysis**

Meaning, assumptions and limitations of simple correlation; Pearson's correlation coefficient and Spearman's rank correlation coefficients and their properties; probable error; Regression – methods of estimation of linear equation using ordinary least square method – standard error of regression coefficient – Partial and Multiple correlation and regression (applications only); Methods of estimation of non-linear equation – parabolic and exponential.

## **Unit – IV : Probability and Theoretical Distributions**

Classical and empirical definition of probability; addition and multiplication theorems of probability; conditional probability; Elementary concept of random variable; probability mass and density functions; Theoretical distributions – properties (without derivatives) of Binomial, Poisson, Normal and log normal distributions; Fitting Binomial, Poisson and Normal distribution – Central Limit Theorem.

## **Unit – V : Sampling Techniques and Hypothesis Testing**

Basic concepts and laws of sampling – different types of random and non-random sampling; concept of estimator; sampling distribution of mean and proportion-standard error and its uses in test of hypothesis. Procedure for testing a hypothesis – Null and Alternative hypothesis – confidence interval and level of significance – Type I and Type II errors – Hypothesis testing based on "Z", "t", "X<sup>2</sup>" (Chi-square) and "F" tests - Techniques of analysis of variance – Non-parametric tests; advantages and disadvantages – sign test; median test – Fisher's Transformation Tests.

## **Reference Books:**

1. R.G.D. Allen, Mathematical Analysis for Economists.
2. A.C. Chiang – Fundamental Methods of Mathematical Economics.
3. Metha and Medhani – Mathematics for Economists.
4. Edward T. Dowling – Mathematical Methods for Business and Economics.
5. Verma IP – Quantitative Techniques..
6. *SC. Gupta* and V.K. Kapoor, Fundamentals of Mathematics Statistics.
7. S.P. Gupta – Statistical Methods.
8. M. Des Raj, Sampling Theory.
9. G.W. Cochran, Sampling Techniques.

## **II YEAR ECONOMICS GROWTH AND DEVELOPMENT**

### **UNIT — I : Growth Models**

Economic growth and Development — Factors affecting economic growth — Role of Capital, Labour and Technology in development — Technological progress — Embodied and Disembodied progress — Hicks Harrod & Kaldor Models — Models of Tobin, Patinkin and Johnson. Indigeneous growth model.

### **UNIT — II : Theories of Development**

Classical theories of development — contribution of Adamsmith, Ricardo, Malthus, J.S.Mill and Karlmarx — Lewis theory of unlimited supply of labour — schumpeter's theory Innovation, Role of cuedit, profit and structural analysis of development.

### **UNIT — III : Approaches to Development**

Partial theories of growth and development vicious circle of poverty, circular causation, Theory of big push, Balanced growth, Unbalanced growth - Critical Minimum effort thesis, Nelson's Low Income equilibrium trap — Dualism — Ranis and Fei Model — Dixit and Marglin model.

### **UNIT — IV : Sectoral Aspects of Development**

Role of agriculture in economic development — Efficiency and productivity in agriculture — New Technology and Sustainable agriculture — Globalization and agriculture growth — Rationale and pattern of industrialization in developing countries — the choice of Techniques and approximate Technology and employment, small scale Vs Large scale production — Infrastructure and its importance — Information Technology.

### **UNIT — V : Development Planning**

Need for Investment criteria in developing countries — Linear Programming — Investment Criteria — Cost benefit analysis, Shadow prices, Project Evaluation and UNIDO guidelines.

## **MACRO ECONOMICS ANALYSIS**

### **Unit 1 : National Income Accounting**

Circular flows of Income in two-three and four sector economy, Social Accounting, Components of Social Accounting, Input-Output Accounting, Balance of payments accounting.

### **Unit II : Consumption Function**

Keyne's psychological law of consumption-implications of the law; Short-run and long-run consumption function; Empirical evidence on consumption function. Life cycle, relative and permanent income hypotheses.

### **Unit III : Investment function**

Marginal efficiency of investment and level of investment : marginal efficiency of capital and investment-long run and short run; The accelerator and investment behavior-impact of inflation; Inflation and business cycle, Influence of policy measures on investment – empirical evidence.

### **Unit IV : The classical vs Keynesian models**

General theory – Evolutionary or Revolutionary. The Keynesian theory of income, output and employment, criticism of Keynesian theory.

### **Unit V : Recent developments in Macro Economics**

Supply side economics - adaptive and rational expectations theory – monetary policy and fiscal policy.

### **Reference Books:**

1. Ackley G (1978) Macro Economics : Theory and Policy, Macmillan, New York.
2. Blackhouse, R. and A. Salansi (Eds.) (2000), Macro Economics and the Real World (2 Vols.) Oxford University Press, London.
3. Branson, W.A. (1989) Macro Economic Theory and Policy (3<sup>rd</sup> Edition) Harper and Row, New York.
4. dombusch, R. and F. Stanley (1997) Macro Economics, MC Graw Hill, Inc. New York.
5. Hall R.E. and J.B. Taylor (1986) Macro Economics W.W. Norton, New York.
6. Heijdra, B.J.V.P. Fredericck (2001), Foundations of modern Macro Economics, Oxford University Press, New Delhi.

## **PUBLIC ECONOMICS**

### **Objectives**

Every citizen of India should know the public expenditure, taxes and annual budget. The activities of the Government particularly the finance department affects the students directly or indirectly. Therefore this paper is designed with the following objectives:

1. In democracy it is important to know the role of government. Hence, students should know how to select the representatives.
2. Students should act as the protector of public utilities.
3. To impart knowledge to the students regarding the system of taxation, public expenditure and budgeting.
4. To create the students are responsible citizens of honest tax payers.
5. To make the students understand the problems of budgeting in their own home.

### **Unit – I : Introduction for Public Policy**

Nature, scope and subject matter of public economics, Role of Government in organized society; changing perspectives of private sector, cooperation or competition? Government as an agent for economic planning and development; Government as tool for operationalising the planning process – Private goods, Public goods, and merit goods. Allocation of resources – voluntary

exchange model; impossibility of decentralized provision of public goods (contribution of Samuelson and Musgrave);

### **Unit – II : Public Revenue**

Public revenue; revenue receipts, capital receipts, trend in public revenue; tax revenue – non tax revenue – tax – canons of taxation – principles of taxation – characteristics of a good tax system – objectives of taxation – incidence – shifting and impact of tax – effects of taxation.

### **Unit – III : Public Expenditure**

Wagner's law of increasing state activities; Wiesman – Peacock hypothesis; Pure theory of public expenditure; Structure and growth of public expenditure; Reform in expenditure budgeting; Programme budgeting and zero base budgeting; Expenditure Reforms Commission – Trends in public expenditure.

### **Unit – IV : Fiscal Federalism**

Principles of multi-unit finance; Fiscal federalism in India. Vertical and horizontal imbalance; Assignment of function and sources of revenue; Constitutional provisions; Finance Commissions, Planning Commission and NITI Aayog; Theory of grants; Resource transfer from Union to States- Criteria for transfer of resources; Centre – State financial relations in India; Problems of States resources and indebtedness; Transfer of resources from Union and states in local bodies.

### **Unit – V : Tax System**

Indian tax system; Revenue of the Union, States and Local Bodies; Major taxes in India; Direct and Indirect taxes, taxation of agriculture, expenditure tax – Reforms in direct and indirect taxes, taxes on services, non-tax revenue of centre, state and local bodies; Analysis of Central and State government budgets, Lack of flexibility in Central and State budgets, Trends in public debt; Recent Taxation Committee Reports – Reports of Finance Commission of India.

### **Reference Books:**

1. Atkinson, A.B. and J.E. Siglitz (1980), Lectures on Public Economics, Tata McGraw Hill, New York.
2. Auerbach, A.J. and M. Feldstern (Eds) (1985), Handbook of Public Economics, Vol. 1, North Holland Amsterdam.
3. Musgrave R.A. The theory of Public Finance.
4. Musgrave R.A. and Musgrave F.B. Public Finance Theory and Practices.
5. Tyagi B.P Public Finance.
6. Bhatia H.L. Public Finance
7. Bhargava R.N. The Theory and Working of Union Finance in India.



## **ENVIRONMENTAL ECONOMICS**

### **UNIT – I Introduction and Basic Theories of Environmental Economics**

Meaning definition of environmental economics- importance, scope, economics and environment- Theories of optimal use of exhaustible and renewable resources – concept of sustainable development- Economic accounting and the measurement of environmentally corrected GDP.

### **UNIT-II: Externalities**

Externalities and market inefficiency- externalities as missing markets; property rights and externalities, non-convexities and externalities. Pareto optimal provision of public goods- Lindhal's equilibrium, preference revelation problem and impure and mixed goods, common property resources.

### **UNIT-III: Measurement of Environmental Values**

Use values; option values- existence value and non-use values; valuation methods- Hedonic property values and household production models (travel cost method and health production function), methods based on response to hypothetical markets, contingent valuation methods- Natural resources accounting – concepts, methods and empirical evidences. Environment and trade- Cost of environment, pollution, life cycle assessment- Impact of development on biodiversity- Development indicators and human health.

### **UNIT-IV: Theory of Environmental Policy**

Pigouvian taxes and subsidies, marketable pollution permits and mixed instrument (the charges and standards approach) Coase's bargaining solution and collection action, informal regulation and the new model of pollution control. Global environmental externalities and climate change- tradable pollution permits and international carbon tax.

### **UNIT-V Economic Impact of Environmental Pollution and Environmental Regulations**

Environmental laws and their implementation: policy instruments for controlling water and air pollution and forestry policy; Environment and its impact on biosphere-Environmental impact on health of living creatures- Environmental Institutions and Gross Root Movement.

### **Reference Books:**

1. Fisher AC (1981) Resource and environmental Economics, Cambridge University Press, Cambridge.
2. Hamley N., J.F. Shogern and b. White (1997) Environmental Economics in Theory and Practice, Macmillan.
3. Hussen, A.M. (1999) Principles of Environmental Economics, Rutledge, London
4. Jeroen, (J.M. Vanden Bergh, (1999) Handbook of Environmental and Resource Economics, Edward Elgar Publishing Ltd., U.K.
5. Freeman A.M., 2001, Measures of value and Resources: Resources for the future, Washington DC.

6. Freeman. A.M., 2003, Millennium Ecosystem Assessment: Conceptual framework. Island Press.
7. Shogren, White and Hanley, 2001, Introduction to Environmental Economics, Oxford University Press, New York.
8. Tietenberg. T, 2003, Environmental and Natural Resource Economics. Pearson Education, New York.
9. Callan and Thomas (1996) Environmental Economics and Management, Irwin Publication, London.
10. Tom Tietenberg (2004) Environmental and Natural Resource Economics.
11. Charles D. Kolstad (2000) Environmental Economics, Oxford University Press, New York.
12. Hindu Survey of Environment. The Hindu Publication (Yearly issue).

**Other Reading sources:**

- Baumol, W.J. and W.E. Oates (1988), The Theory of Environmental Policy, (2nd Edition), Cambridge University Press, Cambridge.
- Berman, P. (Ed.) (1995), Health Sector Reform in Developing Countries : Making Health Development Sustainable, Boston: Harvard Series on Population and International Health.
- Blaug, M. (1972), Introduction to Economics of Education, Penguin, London.
- Bromely, D.W. (Ed.) (1995), Handbook of Environmental Economics, Blackwell, London.
- Cohn, E. and T. Gaske (1989), Economics of Education, Pergamon Press, London.
- Fisher, A.C. (1981), Resource and Environmental Economics, Cambridge University Press, Cambridge.
- Hanley, N., J.F. Shogern and B. White (1997), Environmental Economics in Theory and Practice, Macmillan.
- Hussen, A.M. (1999), Principles of Environmental Economics, Routledge, London.
- Jeroen, C.J.M. van den Bergh (1999), Handbook of Environmental and Resource Economics, Edward Elgar Publishing Ltd., U.K.
- Klarman, H.E. (1965), The Economics of Health, Columbia University Press, New York.
- Kolstad, C.D. (1999), Environmental Economics, Oxford University Press, New Delhi.
- Pearce, D.W. and R. Turner (1991), Economics of Natural Resource Use and Environment, John Hopkins University Press, Baltimore.
- Perman, R. Ma and J. McGilvary (1996), Natural Resource and Environmental Economics, Longman, London.
- Sankar, U. (Ed.) (2001), Environmental Economics, Oxford University Press, New Delhi.
- Schultz, T.W. (1971), Investment in Human Capital, Free Press, New York.
- Tietenberg, T. (1994), Environmental Economics and Policy, Harper Collins, New York.

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